



**Increased production is the answer to economic growth which is essential to the improvement of our standard of living and the provision of a better life for our people. This must be the ultimate objective of economic policy.**

## CONTROL MONEY SUPPLY!

**T**he Jamaican dollar is once again under pressure in the foreign exchange market and the Government has announced another set of stop-gap measures which are ostensibly aimed at returning stability to the exchange rate.

We have been this way many, many times before and as usual the pundits are saying that production is the answer and that only by increasing our earnings of foreign exchange can we bring stability to our exchange rate.

But is this really so?

The instability of our exchange rate results from the higher rate of inflation that we have experienced in Jamaica in comparison with that experienced by our major trading partners.

The high local rate of inflation is caused by the high rate of growth of Jamaica's money supply which in turn results from inappropriate

fiscal and monetary policies. These inappropriate policies are facilitated by government's control of the Bank of Jamaica and its ability to borrow large sums of money from that institution.

We must remember that it is possible to have a trade surplus, that is an excess of exports over imports and still have high inflation and a declining local currency. High inflation will yield an unstable currency even if the country has substantial net international reserves.

This will happen if we allow the local money supply to grow uncontrollably or at a high rate.

Brazil is a typical example of this phenomenon. It has a large trade surplus, a huge stock of foreign reserves, high rates of inflation and a constantly declining currency.

At the heart of their problem is a federal budget which is in a chronic state of deficit and this deficit is

*cont'd on pg. 3*

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Executive Director: Charles Ross

Editor: Marcia Ormsby

Production: Creative Types



# He's Jamaican Too

**When we harm  
our environment,  
we harm ourselves.**

Like this Jamaican Owl  
(Pseudoscops Grammicus or Patoo),  
every tree, river, fish and bird...every creature of  
Nature contributes to life on this planet and deserves  
our respect. In Jamaica we must take care to sustain the  
quality of our air, sea and land.

Shell is helping the cause of environmental  
conservation in Jamaica. Shell helped found  
the Jamaica Junior Naturalists which teaches our  
children to value our country's  
plant and animal life.

Shell uses its calendar to encourage the protection of  
endangered marine life. Company representatives  
have discussed with community organizations  
the need to balance economic progress with  
environmental preservation. They also have urged  
business groups to "bring the environment into  
the boardroom." Within its own operations, Shell uses  
many opportunities to show its customers how to use  
its products safely...and in ways that won't hurt the  
environment. It was Shell's marketing initiative that  
brought unleaded gasoline to Jamaica.

But Shell knows it still has some way to go in its own  
operations. The company conducted an exhaustive  
environmental audit at all its installations, then  
hired a full time, in-house environmentalist to  
carry out the improvements.

Everyone of us ... children, professionals,  
the man & woman in the street... must help make  
sure we have a healthy environment.  
After all, we're all Jamaicans too!



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constantly being financed by borrowing from their Central Bank, in other words by printing money.

With a floating exchange rate, we cannot for long defy the fundamentals of the market. Market forces will eventually prevail and the best that we can hope for is to influence and shape these forces by carefully constructed, consistent and coherent macro economic policies.

In formulating these policies we must at least try to apply the right solution to the right problem.

Increased production is the answer to economic growth which is essential to the improvement of our standard of living and the provision of a better life for our people. This must be the ultimate objective of economic policy.

However, the control of the money supply is the answer to the control of inflation.

Control of inflation is the answer to the stability of the exchange rate.

To solve Jamaica's economic problems we must solve the problems of inflation and economic growth.

Our experience over the past twenty (20) years would suggest that it will be very difficult to solve the problem of growth without first solving the problem of inflation.

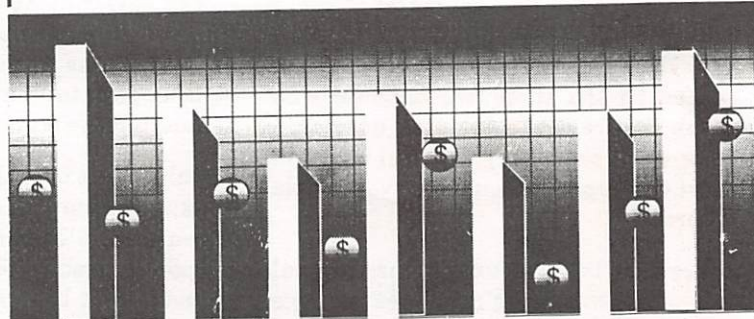
**To solve Jamaica's economic problems we must solve the problems of inflation and economic growth.**

# It's Investment Time Again!

The market goes up, the market goes down - It's the natural way for things to go. There is never a guarantee that it will go in any particular way. But, one thing is sure, the best time to buy is **NOW**



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As with any investment of this nature - Unit Prices may go down as well as up and there is no assurance of continuous growth.



# IS THE BANK OF JAMAICA NECESSARY?

by Steve H. Hanke and Kurt Schuler

**M**ost developing countries introduced central banks in the decades following World War II. However, as we approach the turn of the century, many governments are questioning whether central banks do anything worthwhile, or anything which could not be done better in other ways? It isn't too hard to understand why the burden of proof is finally being placed on the shoulders of those who claim that central banks are necessary to promote prosperity. Central banks in most developing countries have terrible records.

Indeed, with rare exceptions, central banks in developing countries produce little more than high rates of inflation and third-rate currencies. A quick review of the accompanying Table verifies this story. Just consider the average inflation rate for the developing countries in the western hemisphere. It was a whopping 225.8% in 1994. If that rate persists, those countries' currencies will lose virtually all of their value in just five years. And the Jamaican dollar wouldn't fare much better. If annual inflation stays at 30%, the Jamaican dollar will only be worth 27 cents in five years and a little more than seven cents in ten years.

To avoid being robbed by inflation, many citizens in developing countries unload their third-rate currencies as fast as they can, replacing them with first-rate currencies. That is why about 30-40% of the German marks and 60-70% of the US dollars in circulation are used abroad, rather than at home. No doubt, these facts "on the ground" go a long way in explaining why governments are finally questioning the usefulness of their central banks.

The most recent country to question the wisdom of central banking is El Salvador. After we analyzed El Salvador's monetary situation in December 1994, the government announced that it would replace

its national currency with the U.S. dollar by 1996, in effect ending more than 60 years of central banking. Although the central bank in El Salvador has a relatively good record — inflation is currently 10.8% and never exceeded 33% a year, even during the recent civil war — the government concluded that the best way to guarantee low inflation for the future was to eliminate the central bank's power to create money by legally dollarizing the economy.

El Salvador is only the latest country to re-examine central banking. Since 1991 Argentina, Estonia, and Lithuania have adopted currency board-like monetary systems that link their currencies to a foreign currency (the U.S. dollar for Argentina and Lithuania, and the German mark for Estonia) and prohibit their monetary authorities from issuing domestic currency unless backed 100% by foreign-currency assets such as foreign bonds or gold. We have had a hand in establishing these systems and can report that the results have been excellent. Indeed, among other things, these currency board-like systems command widespread public and political support.

Jamaica should re-examine whether it needs a central bank. Until 1961 Jamaica didn't have a central bank. Before that it had a currency board. Under the currency board, Jamaica enjoyed respectable economic growth; inflation generally in single digits; a fixed exchange rate between the Jamaican pound and the pound sterling; and full convertibility of the Jamaican pound into sterling. Under central banking, Jamaica has had double-digit inflation, a depreciation of the Jamaican dollar against the pound sterling and U.S. dollar, and until a few years ago, the Jamaican dollar was inconvertible. Consequently, Jamaica's growth, measured by gross national product, has been sluggish. Indeed, it's been so sluggish that Jamaica's population growth rate, which is one of the lowest in the developing world, has

outstripped gains in the GNP. Hence, per capita GNP in Jamaica has actually been declining for more than a decade.

In the last few years, the performance of the Bank of Jamaica has improved. Many restrictions on the convertibility of the Jamaican dollar were removed in September 1991. Mr. Jacques Bussieres, the BOJ's Governor since 1993, has managed to slow inflation. That helped to arrest the depreciation of the Jamaican dollar and create sufficient confidence in the dollar to lift the BOJ's net foreign reserves by over J\$15 billion from March 1993 to March 1995. Mr. Bussieres has also instituted reforms that have made the management of the BOJ more professional.

Even though Mr. Bussieres has done a much better job than his immediate predecessors and his counterparts in many developing countries, Jamaica still has a high inflation rate and a third-rate currency. Furthermore, the BOJ's accomplishments of the recent past have come at a high cost. Real interest rates (interest rates minus the rate of inflation) are much higher in Jamaican dollars than in more reliable currencies such as U.S. dollars or Eastern Caribbean dollars. Consequently, Jamaicans who must borrow in Jamaican dollars to start a business or buy a house are at a disadvantage compared to people in countries whose currencies have a better long-term record. That makes it hard for Jamaican businesses to compete abroad and prevents Jamaicans from being as prosperous as they could be.

Alas, these punishing real interest rates will have to persist for many years to tame Jamaica's inflation and make the Jamaican dollar more than a third-rate currency. The reason for this state of affairs is obvious. Jamaicans have memories like elephants, and they know that the BOJ, like most central banks in developing countries, is a creature of politics, subject to political control and pressures. Consequently, Jamaicans know that the BOJ's monetary policies and the value of their money can be altered as rapidly as the political winds change. Jamaicans also know that the direction of the political winds can change with great rapidity. This explains why, with central banks, relative monetary



stability comes at a high cost and why that relative stability usually doesn't last for very long.

Fortunately, there are several relatively costless ways for Jamaicans to avoid their monetary plight. All require that the BOJ to be thrown in the proverbial dust bin. One alternative would be for Jamaica to formally do what many Jamaicans already do informally: use the U.S. dollar directly. This is what El Salvador has chosen to do and what Panama has done for years, with excellent results: from 1977-1986 Panama's annual inflation was 4.3% and since 1986 inflation has never exceeded 2%.

A second way to obtain sound money would be for Jamaica to use the dollar indirectly by setting up a Jamaican currency board, with the U.S. dollar as the reserve currency. Under this arrangement the Jamaican dollar would be backed 100% by U.S. dollar reserves and would be freely convertible at a permanently fixed exchange rate with the U.S. dollar. This is a tried and true alternative that produced stable money in Jamaica during the 1933-1961 period.

A third sound-money alternative would be for Jamaica to join the East Caribbean Central Bank, which is one of the few central banks in developing countries with a good record. The secret of its success hinges on the fact that the Bank is virtually immune from changes in political winds because any changes in the Bank's monetary policies requires a unanimous decision by all member countries.

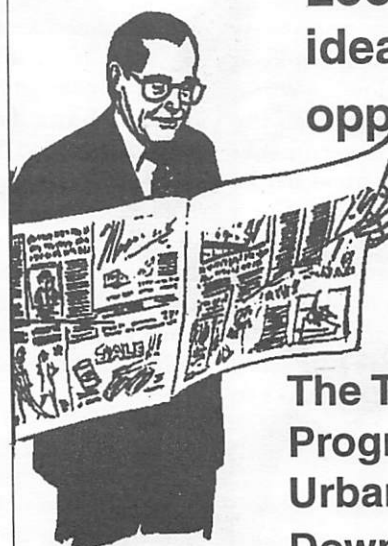
The BOJ has become a curse on Jamaica's potential prosperity. Fortunately, the BOJ is not necessary. There are good alternatives available. If Jamaicans were given the choice between the BOJ and the alternatives we propose, there is no doubt that Jamaicans would cast their ballots for a sound-money alternative.

*Steve H. Hanke is Professor of Applied Economics and Kurt Schuler is post doctoral fellow at The Johns Hopkins University in Baltimore, USA. Messrs. Hanke and Schuler are the authors of a forthcoming monograph "Alternative Monetary Regimes for Jamaica," which was sponsored by the Private Sector Organisation of Jamaica. Dr. Hanke also serves as a State Counselor on Monetary and Financial Issues in Lithuania and as an Advisor to the Minister of Economy in Argentina.*

**TABLE 1.**  
**Annual Inflation for 1994 (Consumer Prices)**

United States	2.1%
Industrial Countries (23)	1.9%
Members of the East Caribbean Central Bank	3.3%
Jamaica	30.0%
Developing Countries (132)	
Africa	33.6%
Asia	13.5%
Middle East and Europe	32.3%
Western Hemisphere	225.8%
Countries in Transition (28)	
Central and Eastern Europe	203.2%
Russia	302.0%
Transcaucasus and Central Europe	1337.6%

Source: IMF, World Economic Outlook, May 1995



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• OCHO RIOS • PORT MARIA • ANNOTTO BAY • PORT ANTONIO • MORANT BAY



# CONFERENCES & EXHIBITIONS TRADE SHOWS

## SMALL BUSINESS CONFERENCE

The International Conference for Small Business (ICSB) will take place in Tel Aviv, Israel, during the period November 12-15, 1995. This event, which is expected to attract 1,000 businessmen worldwide, will be hosted by the Federation of Israeli Chambers of Commerce. Further details are available from the PSOJ Secretariat.

\* \* \*

## EXPO-MOTORS EXHIBITION

The "Buenos Aires Expo-Motors International Exhibition" will take place October 6-16, 1995 at the Palermo Fair Grounds, Buenos Aires, Argentina. The exhibits will include special vehicles, parts and accessories for cars and motorcycles, as well as equipment for servicing and repairs.

Interested persons should contact:

Mr. B. Hettel OR  
Miss Alejandrina Parato  
Avenida Cordoba 669, 1°, "A"  
1954 Buenos Aires  
Argentina  
Tel: (541) 311-1085/86/87  
Fax: (541) 313-6975

\* \* \*

## FAO SYMPOSIUM

As part of its 50th Anniversary, the United Nations Food and Agricultural Organisation (FAO) will be hosting an international symposium October 11-13, 1995 in Quebec City, Canada. Under the theme "People at the heart

of development: security through knowledge", the symposium seeks to attract representatives of companies in food production.

Interested persons should contact:

Mrs. Faith Innerarity  
Director of Economic Planning  
Ministry of Agriculture  
Tel: 927-1160

\* \* \*

## IFAN CONFERENCE

The 8th International Federation for the Application of Standards (IFAN) Conference will be held during the period October 12-13, 1995 in Edinburgh, Scotland. The conference seeks to attract professionals and business strategists who seek a marketing edge for their products and services internationally.

Further details are available from:

British Standards Society, BSI  
389 Chiswick High Road  
London W4 4AL  
United Kingdom  
Tel: 44 181 996 90 00  
Fax: 44 181 996 74 00

\* \* \*

## ECONOMIST CONFERENCE

The Economist Conferences will be hosting the Third Round Table with The Government of Cuba. This will be held October 23-25, 1995 at the International Conference Centre in

Havana, Cuba. The Conference is expected to provide potential investors with information related to business opportunities in Cuba.

Further details may be had from the PSOJ Secretariat.

\* \* \*

## FISA '95

FISA '95 (International Fair of Santiago) will be held October 27 to November 5, 1995 in Santiago de Chile. For further details, please contact:

Fernando Astaburuaga A  
Manager  
Feria Internacional de Santiago  
P.O. Box 40-D  
Santiago, Chile  
Tel: (56-2) 533 2838  
Fax: (56-2) 533 1667

\* \* \*

## HAVANA TRADE FAIR

October 29-November 5 are the dates of this year's Havana International Trade Fair. This will be held at the permanent exhibition site of Expocuba, Havana, Cuba.

\* \* \*

## EXPO-EUROPA '95

EXPO-Europa '95 is scheduled for November 2-5, 1995 in Santo Domingo, Dominican Republic. The aim of the exhibition is to promote products and services from companies in Eastern Europe and the Caribbean. Interested persons should contact the PSOJ Secretariat or

EXPO-Europa '95  
Carr. Sanchez Km. 12 1/2  
Edificio Maritima Dominicana  
Republica Dominicana  
Tel: 539-6000  
Fax: 539-7200

\* \* \*

## ALIMENTARIA '96

The International Food Trade Exhibition "Alimentaria '96" will be



held in Barcelona, Spain, during the period March 4-9, 1996. Potential investors should contact the PSOJ Secretariat for further details.

\* \* \*

### AFIA/AGRCMEXICO '96

June 1996 is the proposed date for AFIA/AGROMEXICO '96 to be held in Mexico. This exhibition will feature all types of agri-industrial products. Interested persons should contact the PSOJ Secretariat for additional information.

\* \* \*

### NEW DELHI FAIR

The 12th IETF - The New Delhi Fair '97 - will take place in Pragati Maidan, New Delhi, India during the period February 9-15, 1997. Persons/companies interested in participating in this Indian Engineering Trade Fair should contact the PSOJ Secretariat for additional information.

## Collection/Credit Agency?

Are you experiencing difficulty in collecting funds owed to you by American companies/organisations? Would you like a credit evaluation on a company based in the USA with which you are about to do business? If yes, Milton J. Moser Associates Inc. will be able to provide these services.

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Interested companies should contact:

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President

Milton J. Moser Associates, Inc.

P.O. Box 735

Bensalem,

Pennsylvania 19020

U.S.A.

## Special Meeting

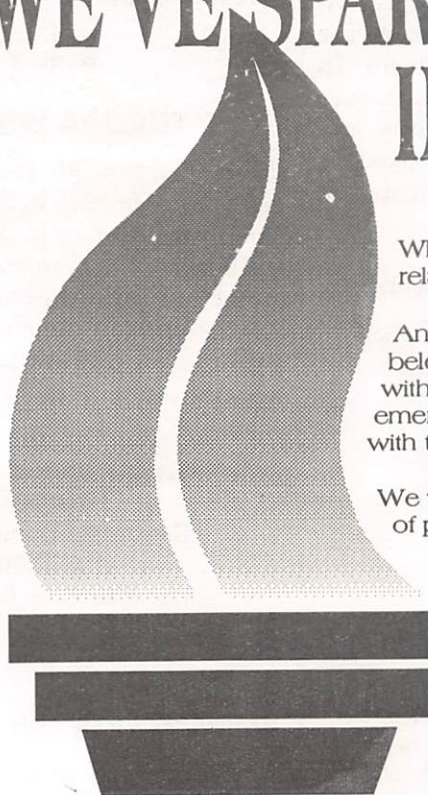
The Prime Minister, the Leader of the Opposition and members of the Private Sector met over the week-end of August 11-13, 1995 to discuss strategies that they could jointly support to encourage economic growth and social well being for Jamaica.

These unique and informal discussions were of a general rather than a specific nature.

A number of areas were identified for future joint co-operation including economic growth and human resource development.

The Prime Minister and the Leader of the Opposition were supported by colleagues and technical staff.

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We will light your way with fresh ideas and a high standard of professionalism. Join us as we continue to blaze new trails.



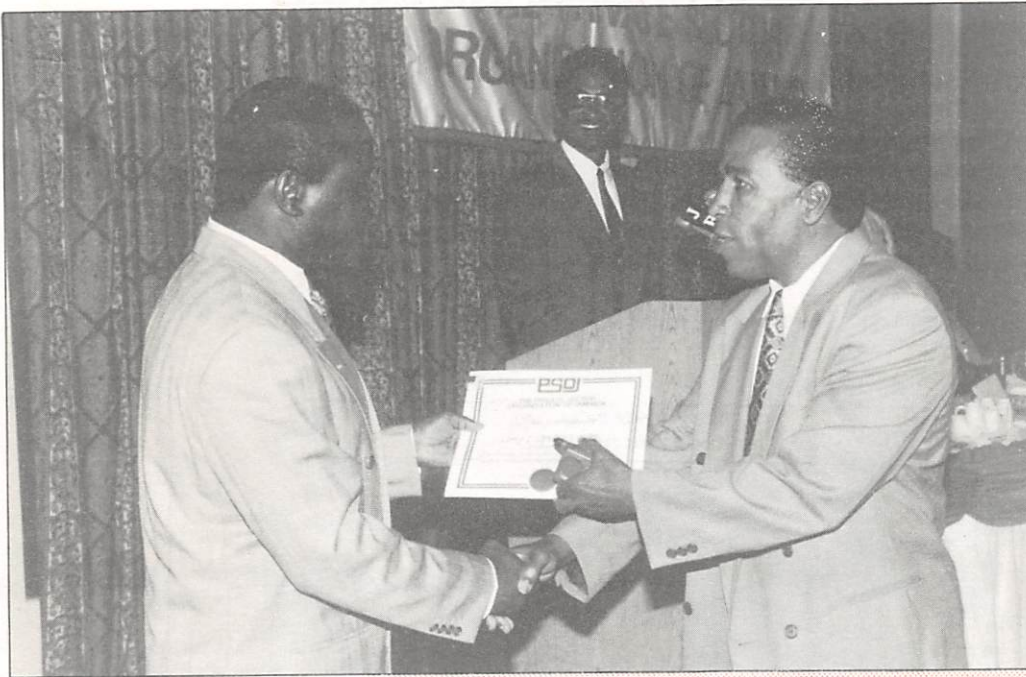
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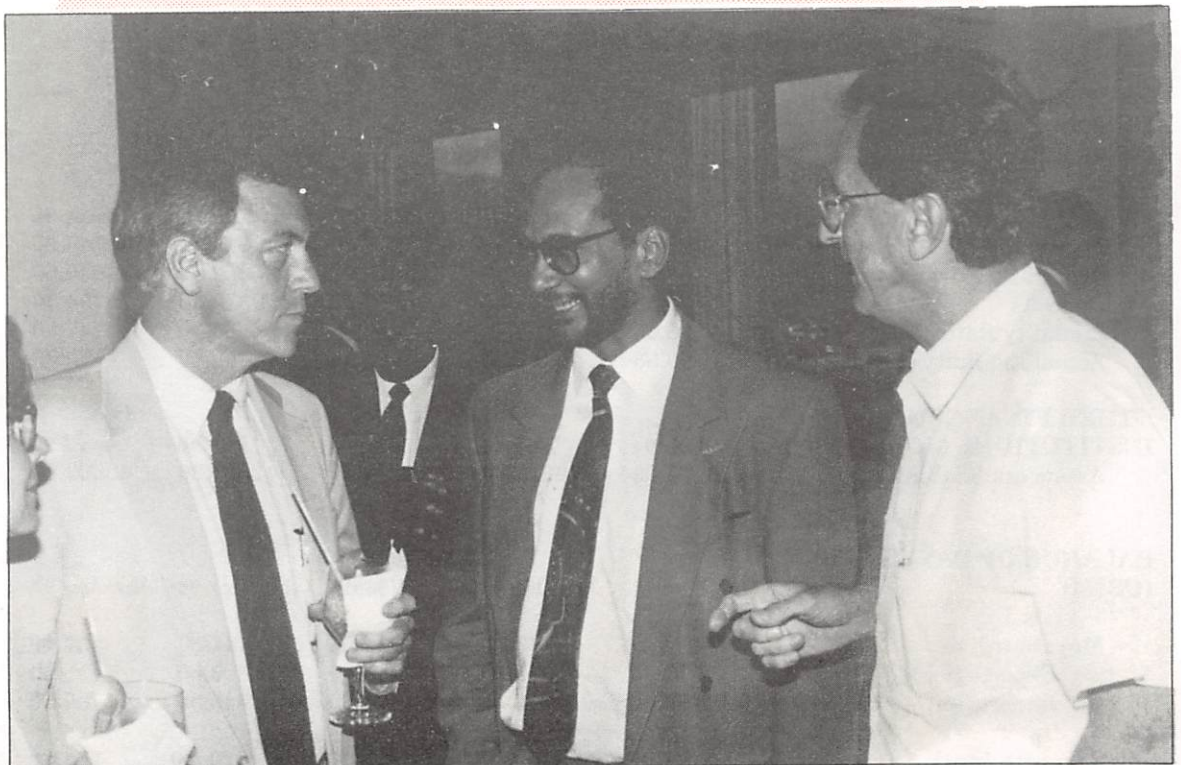


# PICTORIAL HAPPENINGS & EVENTS

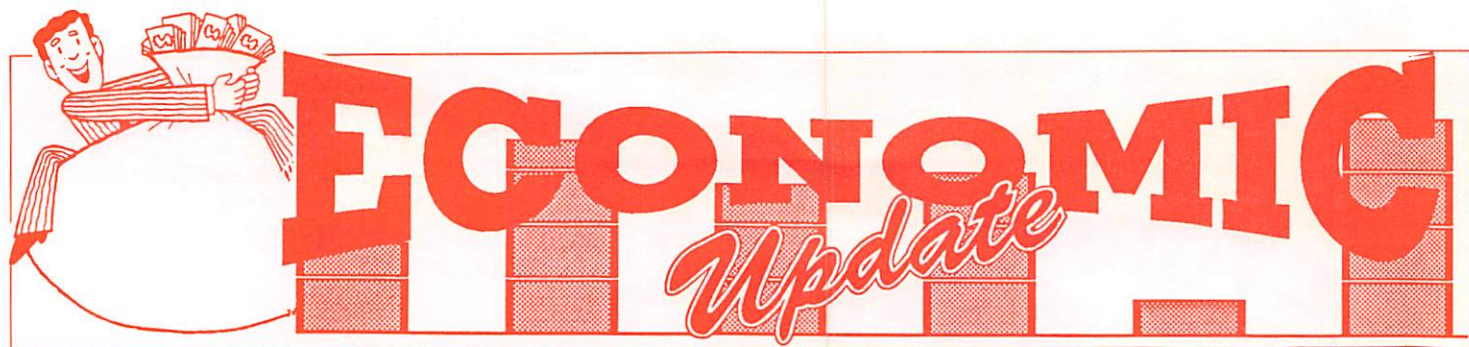


**President Delroy Lindsay congratulates Mr. Robert Young of Group 7 Traders as he presents him with his company's PSOJ Membership Certificate. In the background is Executive Director of the PSOJ, Charles Ross. The presentation took place at the PSOJ's Membership Luncheon held in August at the Wyndham Kingston Hotel.**

**Past President Douglas Orane (centre) has the undivided attention of (from left) Mrs. Steve Hanke (partially hidden), Professor Steve Hanke and Mr. John Issa. The group was in conversation prior to the start of the PSOJ's Membership Luncheon which was held in August at the Wyndham Kingston Hotel. Professor Hanke was Guest Speaker at the Luncheon.**





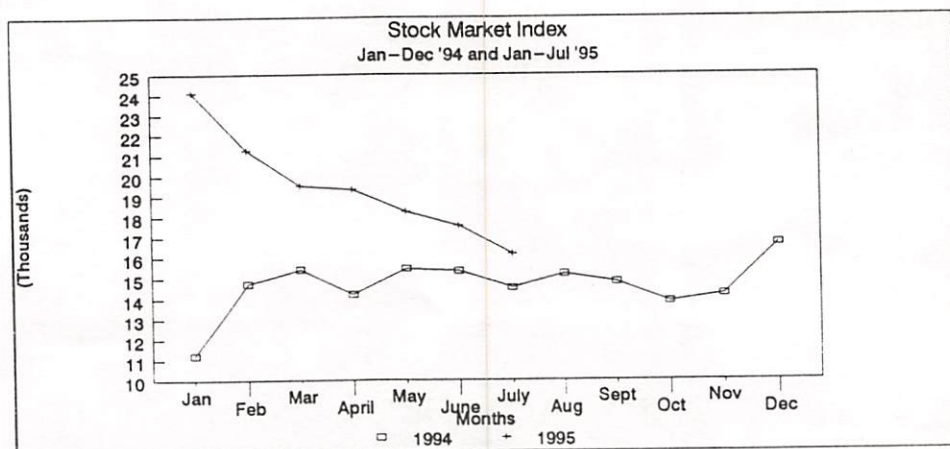


## UPDATE ON SELECTED ECONOMIC INDICATORS

	June 94	Dec 94	Jan 95	March 95	June 95	July 95
<b>INTEREST RATES (%)</b>						
Fixed Deposits (J\$100,000 and over) 3 to 6 months	21.43	20.32	19.31	14.5-23	14.5-24.5	14.5-26.0
Loan Rates (Avg)	65.00	56.14	52.59	48.82	48.73	48.32
Jamaican Treasury Bill (6 months yield)	46.38	-	27.55 (3 mta)	-	24.24	23.92
Certificate of Deposits (clearing rate - 3 months)	-	28.99	27.40	-	Nil	Nil

### STOCK EXCHANGE

Index



<b>COMMERCIAL BANKS (J\$M)</b>	Mar 94	June 94	Jan 95	Mar 95	June 95
Assets and Liabilities	71322.80	76741.90	96276.50	97009.40	106769.00
Loans and Advances	25906.60	28514.00	33610.90	35952.60	39950.60
Deposits	51774.40	54702.00	68751.80	70379.10	75194.30
Liquidity Ratio (%)	50.00	50.00	50.00	50.00	47.00
Actual Liquidity (%)	53.53	53.19	61.95	60.12	52.39

### OTHER FINANCIAL INSTITUTIONS (J\$M)

	Feb 94	Dec 94	Jan 95	Feb 95	April 95
Assets and Liabilities	25761.60	29023.50	42208.20	42980.30	43692.90

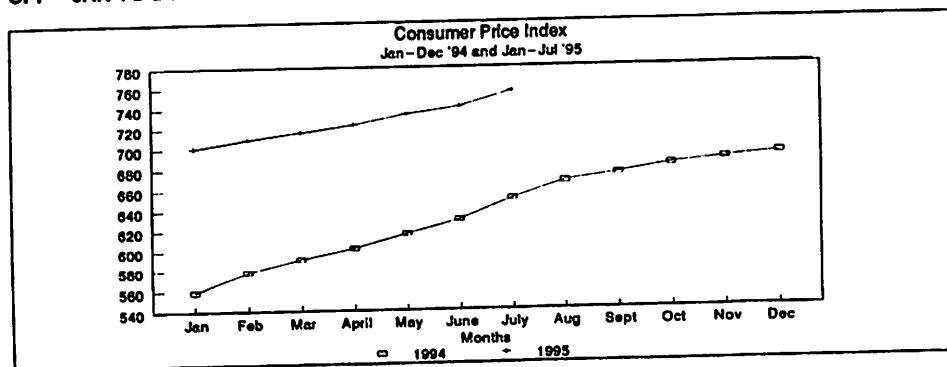
### BALANCE OF PAYMENTS (US\$M)

	Jan-Dec 93	Jan-Dec 94	Change 93/94 US\$Mn	Jan-Apr 94	Jan-Apr 95	Change 94/95 US\$Mn
<b>Merchandise</b>	<b>-1113.80</b>	<b>-957.80</b>	<b>156.00</b>	<b>-244.30</b>	<b>-334.10</b>	<b>89.80</b>
Exports (fob)	1075.40	1219.50	144.10	402.50	451.50	49.00
Imports (cif)	2189.20	2177.30	-11.90	646.80	785.60	138.80
<b>Services (net)</b>	<b>529.70</b>	<b>502.70</b>	<b>-27.00</b>	<b>181.20</b>	<b>154.20</b>	<b>-27.00</b>



Foreign Travel	886.90	842.00	-44.90	303.40	266.80	-36.60	
Investment Income	-240.20	-216.90	23.30	-81.70	-78.50	3.20	
Other	-117.00	-122.40	-5.40	-40.50	-34.10	6.40	
<b>GOODS AND SERVICES</b>	<b>-584.10</b>	<b>-445.10</b>	<b>129.00</b>	<b>-63.10</b>	<b>-179.90</b>	<b>-116.80</b>	
Transfers (net)	371.90	571.70	199.80	131.60	198.80	67.20	
Private	306.40	534.30	227.90	120.00	177.70	57.70	
Official	65.60	37.40	-28.10	11.60	21.10	9.50	
<b>Current A/C</b>	<b>-212.20</b>	<b>116.60</b>	<b>328.80</b>	<b>68.50</b>	<b>18.90</b>	<b>-49.60</b>	
<b>Net Capital Movements</b>	<b>310.30</b>	<b>268.80</b>	<b>-41.50</b>	<b>39.60</b>	<b>23.60</b>	<b>-16.00</b>	
Official	-4.10	-101.40	-97.30	-30.30	-59.70	-29.40	
Private (including net errors and omission)	314.40	370.20	55.80	69.90	83.30	13.40	
<b>Change in reserves (BOJ)</b>	<b>-98.10</b>	<b>-385.40</b>	<b>-287.30</b>	<b>-108.10</b>	<b>-42.50</b>	<b>-60.70</b>	
(Increase = minus)							
<b>EXCHANGE RATES</b>	<b>Dec 93</b>	<b>July 94</b>	<b>Dec 94</b>	<b>Jan 95</b>	<b>Mar 95</b>	<b>June 95</b>	<b>July 95</b>
US\$=J\$	32.70	33.57	33.37	33.28	33.41	33.95	34.33
BR. Pound = J\$	42.60	49.02	50.15	51.59	52.23	52.64	52.70
Can\$ = J\$	21.80	23.26	22.96	22.90	23.23	24.42	24.45
<b>FOREIGN CURRENCY A/C (US\$M)</b>	<b>Dec 93</b>	<b>July 94</b>	<b>Dec 94</b>	<b>Jan 95</b>	<b>Mar 95</b>	<b>June 95</b>	
Commercial Banks	428.40	595.38	690.00	655.12	625.15	648.00	
<b>INTER BANK TRADING (US\$)</b>	<b>Dec 93</b>	<b>July 94</b>	<b>Dec 94</b>	<b>Jan 95</b>	<b>Mar 95</b>	<b>June 95</b>	<b>July 95</b>
Purchases	78.70	121.29	128.00	120.40	124.07	91.45	76.55
Sales	79.60	123.28	126.20	121.50	125.42	90.13	72.73
<b>FISCAL ACCOUNTS (J\$M)</b>	<b>Apr-May 94/95</b>	<b>Apr-May 95/96</b>	<b>% Change</b>				
Revenue	6089.20	7820.80	1731.60				
Expenditure	6853.10	6165.90	-687.20				
Deficit/Surplus	-763.90	1654.90	2417.90				
<b>NATIONAL DEBT</b>	<b>Dec 93</b>	<b>Mar 94</b>	<b>June 94</b>	<b>Dec 94</b>	<b>April 95</b>	<b>June 95</b>	
Internal Debt (J\$M)	23554.80	24547.60	28452.00	41248.50	N/A	50.10b	
External (US\$M)	3647.20	3673.90	3656.70	3651.80	3597.20	N/A	
<b>SELECTED MONETARY INDICATORS (J\$M)</b>	<b>Dec 93</b>	<b>Mar 94</b>	<b>June 94</b>	<b>Dec 94</b>	<b>March 95</b>	<b>June 95</b>	
Money Supply (M1)	14523.30	16238.10	16226.90	17896.70	16884.60	17829.70	
(M1 and Quasi-Money) M2	39492.30	43068.20	45909.20	54783.50	55512.50	59825.60	
Net International Reserves (US\$Mn; BOJ)	-80.12	56.05	171.20	397.92	435.30	449.89	440.4 (July)
Credit to Public Sector	-2408.10	-5909.80	-5905.90	-8506.30	-14238.50	-4276.60 (April)	
Credit to Private Sector	21148.00	22811.40	25034.80	26282.80	30791.00	30993.00 (April)	

CPI - JAN TO DEC 1994 AND JAN TO JUL 1995



Year to date (Jan-July 1995)  
Inflation Rates = 8.1% (Provisional)

Point to Point (July '94 - July '95)  
Inflation Rate = 18.46



# Educational Opportunities

## Woodrow Wilson Fellowships

Applications are being invited for the 1996-97 Woodrow Wilson International Centre for Scholars Fellowships. Approximately 3 residential fellowships are awarded annually (in an international competition). Winners of these awards will be individuals with outstanding project proposals representing the entire range of scholarship, with a strong emphasis on the humanities and social sciences.

Further details are available from:  
The Fellowships Office  
The Woodrow Wilson Center  
1000 Jefferson Drive S.W.  
S1 MRC 022  
Washington, D.C. 20560  
U.S.A.

## Hubert Humphrey Fellowships

Professionals and administrators who are committed to service in both the public and private sectors are being invited to submit applications for the 1996-97 Hubert H. Humphrey Fellowships. Winners of these awards will spend one year at an American University to enhance their professional competence.

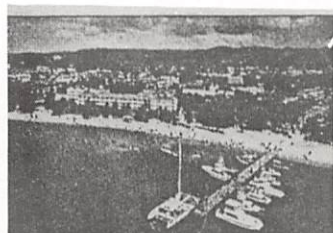
Prospective Fellows should be policy oriented rather than research or technically oriented and should have a minimum professional experience of five years.

For further information, please contact:  
Ms. Angella Harvey  
USIS Exchange Assistant  
Mutual Life Building  
2 Oxford Road, Kingston 5  
Tel: 929-4850-9

## DISTANCE LEARNING

Wye College, University of London, is offering the following distance learning programmes leading to Postgraduate Diploma and M.Sc. degrees: Agricultural and Rural Development, Environmental Management and Food Industry Management and Marketing.

Further details may be had from the  
PSOJ Secretariat or:  
Dr. Jane Bryson  
Deputy Director, External  
Programme  
Wye College  
University of London  
Ashford  
Kent TN25 5AH  
United Kingdom



## JAMAICA's Newest All-Inclusive Resort

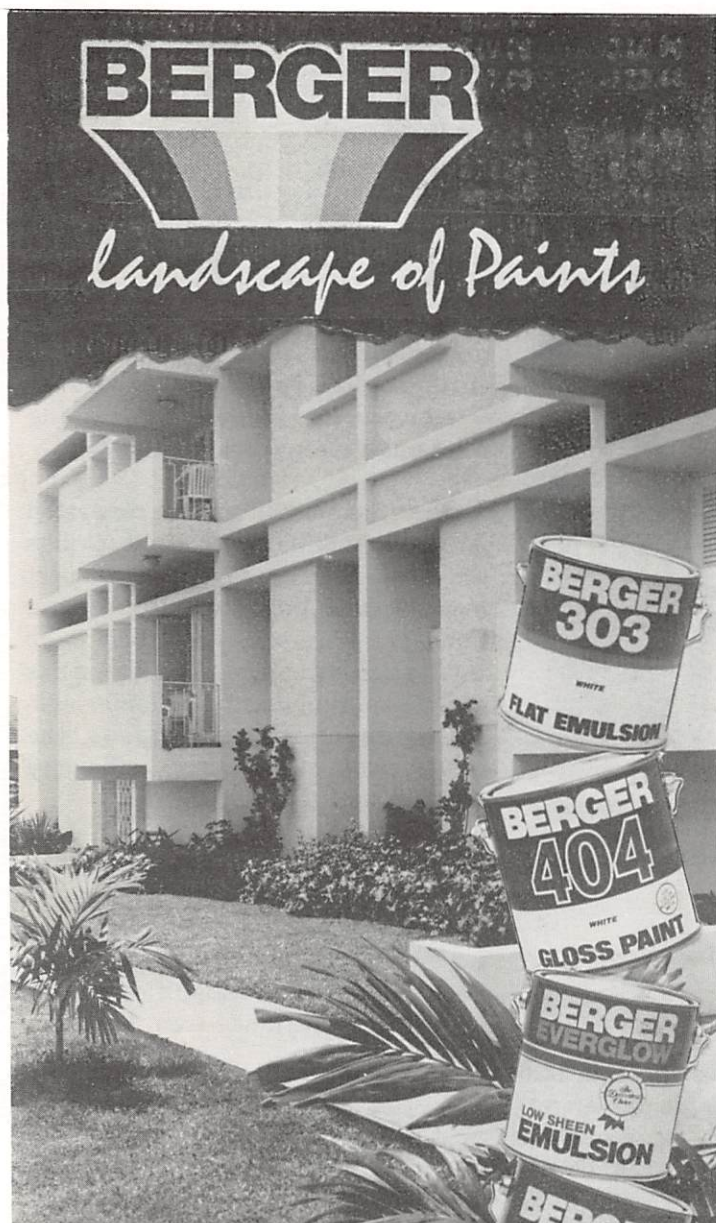
**Club Jamaica Beach Resort** set on Ocho Rios' longest beach, delivers incomparable Jamaican hospitality for the newest, care-free all-inclusive holiday.

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## Environmental Partners Turn Waste into Resource

**T**hrough effective management, companies can turn waste into valuable resource. A striking case in point is Shell's collaboration with its neighbour, Caribbean Cement Company.

Last September, over 50 tons of soil contaminated with fuel oil were excavated from a Corporate Area Shell service station. The contamination resulted when waste water from vehicle-washing seeped into the soil.

Shell transported the large volume of excavated soil to the Cement Company. There, it was tested for calcium and aluminum, key elements in the cement process, before being burned.

By burning the soil, the fuel was transformed into energy used in the cement making process. The sterilized soil was then added to the considerable stock of raw limestone used to make cement.

Meanwhile, at the Shell station the excavated area was back-filled with clean soil and landscaped.

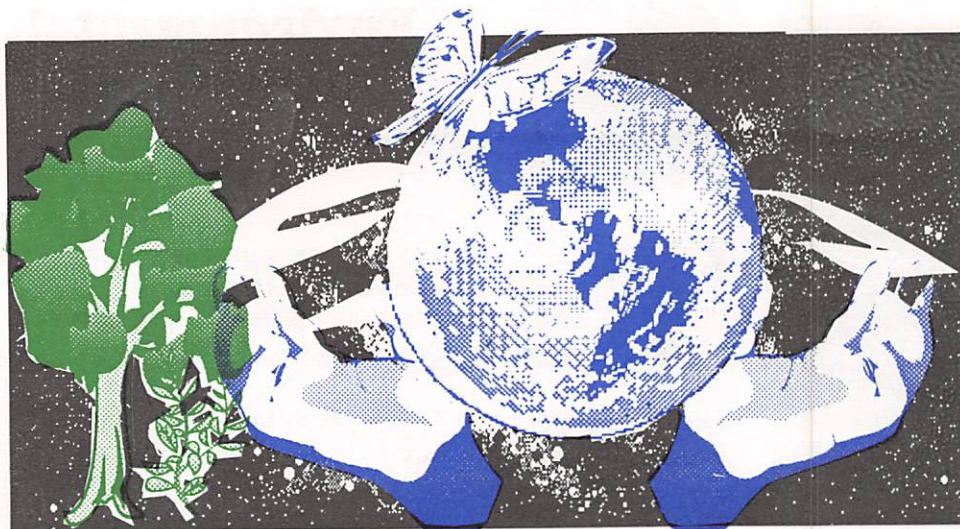
This project is typical of the activities which characterize Shell's soil and groundwater improvement programme. The programme pursues permanent treatment of waste material, controlled waste management and recovery of energy and raw material.

## BEWARE!

The Nigerian High Commission wishes to alert Jamaicans to the activities of the Nigerian consulting firm, Oversea Service and Consulting (Nig.) Limited. The company has apparently been engaged in unauthorized acts, on behalf of the Government of Nigeria, aimed at deceiving foreign business communities.

The High Commission has also advised that Oversea Service and Consulting (Nig.) Limited has no Locus Standi to undertake fraud prevention service on behalf of the Federal Government of Nigeria. In this regard, any such advertisement should be regarded as false and illegal.





## ENVIRONMENTAL NEWS

### BICYCLING:



#### **A Practical Solution to Our Transport and Air Pollution Woes Plus it Makes Good Business Sense**

*By D. deMorasse  
Member, PSOJ Environmental Committee*

**A**ppropriate Technology or Environmentally Appropriate Technology are "buzz" words that are no longer in vogue in business and general discussion circles. Defined as technology appropriate to a country's resource base, level of development and cultural philosophy, it's technology focused on taking best advantage of a country's circumstances and development strategies.

An appropriate technology which seems to have been overlooked in our efforts to improve the transportation sector is the bicycle. The bicycle is in many respects the most efficient machine ever developed by man. Bicycling makes more effective use of human energy than walking. It takes approximately 35 calories of energy to traverse a mile on a bike as compared to the 100 calories required to cover the same distance on foot. Travel by

rail uses 885 calories, by bus 920 calories and by car (single passenger) consumes 1,860 calories per mile. It therefore, stands to reason that for the same energy output, it would be possible to travel 2.85 times as far by bicycle in comparison to walking or a 285% increase in energy conversion efficiency. A comparison with the other common modes of transport yield even more impressive efficiencies with the most dramatic being the 5000% improvement associated with the automotive example.

It takes far less energy and materials to produce a bicycle than it does a car which results in significant capital cost differences between the two. For example a top-of-the-line, latest technology "mountain" bicycle would cost about US\$2500. We're all aware that a motor vehicle would cost anywhere in the region of five to twenty times that amount. Furthermore

pedalers do not pollute, so the quality of the air improves while non-renewable fossil fuels are saved for future generations.

In addition to these energy and pollution reducing characteristics, studies in the USA have shown that commuters travelling 20 miles per day, 5 days a week can reduce their personal, annual transportation outlays by 92% by switching from a car to a bicycle and by 83% by switching from public transport to a bicycle.

As our roads become more congested with automobiles, the time-savings advantages of motorized transport methods and bicycles will decrease. For the public transport user who wastes hours per day waiting for a bus and is then subjected to uncomfortable and dehumanizing conditions, the bicycle offers independence, efficiency and dignity.

For the employer who encourages the use of bicycles for commuting and is willing to make a small investment, for bicycle parking facilities, showers and changing rooms, significant gains are likely to be made from healthier employees who:

- **Are more productive** by virtue of their enhanced physical condition and mental alertness
- **Are at less risk of health problems and on the job accidents;** physically fit and mentally alert employees can lead to a reduction in health insurance costs and other costs associated with absenteeism due to illness or job related accidents
- **Make for happier customers** because alert employees make fewer mistakes thus improving output quality
- **Reduce the cost of some expensive perks;** the use of company cars can be reduced along with some of their associated high cost.



The employee who regularly uses a bicycle to commute, "kills two birds with one stone" by eliminating the allocation of extra time to keep physically fit. Physical fitness becomes a by-product of getting to and from work!

Speaking from personal experience, I can attest to the benefits of commuting by bike. While stationed in a major European capital, I commuted 40 miles per day on a bicycle for 7 months. The savings from public transport alone was enough to pay for the full cost of my bicycle and accessories within 4 months. Not only did I experience the best physical condition of my life, I had energy (and time) to devote to non-work activities and was significantly more productive at work.

For Jamaica as a whole, switching to the bicycle means a significant savings in foreign exchange for the transport sector. Potential savings could be realized in foreign exchange required for capital investments and, without question, there would be major reductions in the foreign exchange requirements for spare part purchases, fuels and lubricants.

And as stated earlier, the environmental gains from reduction in air pollutants and the generation of solid wastes in the form of used oils, tyres and packaging materials would be considerable.

## Encouraging Bicycling

Certainly the arguments given earlier in the text should be compelling enough to encourage the use of bicycles. But there is the concern for safe passageways for the use of bicycles. We've reached the part that either government must play or private enterprise must consider in the development of public infrastructure for bicycles.

For bicycling to succeed as a transportation alternative, bike routes

**For Jamaica as a whole, switching to the bicycle means significant savings in foreign exchange for the transport sector. Potential savings could be realized in foreign exchange required for capital investments and, without question, there would be major reduction in the foreign exchange requirements for spare part purchases, fuels and lubricants.**

will have to be developed to aid safe travel from home to work. Routes along less intensely travelled roads should be identified, marked and those routes policed to guarantee their proper use. MPM's recently announced plans to increase the number of special District Constables could be used in these efforts. In fact, bicycles could be used by these same officers to conduct their duties.

"Bicycle Expressways" were reported in the press some months ago, as a possible solution for the development of safer and more comfortable passageways for cycles. This is a very innovative concept which positions the bike route above the traffic on busy roadways; a kind of limited access, bicycle "highway" could serve as a main artery for bicycle traffic. The concept is very intriguing as a transport route from the greater Portmore area, across Kingston, to Papine.

## The Business Potential

The business potential of greater adoption of bicycling in this country is tremendous. As an example of the possibilities, consider the San Francisco Bay Area in the USA. A geographical area of comparable size and topography to that of Jamaica, the Bay Area is a population centre of 6 million people, many of whom are avid cyclists. The Bay Area boasts 32 manufacturing companies which produce complete bicycles, frames, components,

accessories, clothing and speciality foods. These enterprises do not include the entities which retail and offer service or repairs for bicycles.

Then there are the "user industries" such as bike messenger companies and the **Tourism** related enterprises. Bicycle tourism is a rapidly expanding business area where tour operators arrange anything from camping expeditions to deluxe tours where visitors overnight at exclusive hotels and enjoy first class dining. This type of tourism fits Jamaica's tourism industry to perfection as it caters to a very broad spectrum of products from community tourism to the all-inclusive!

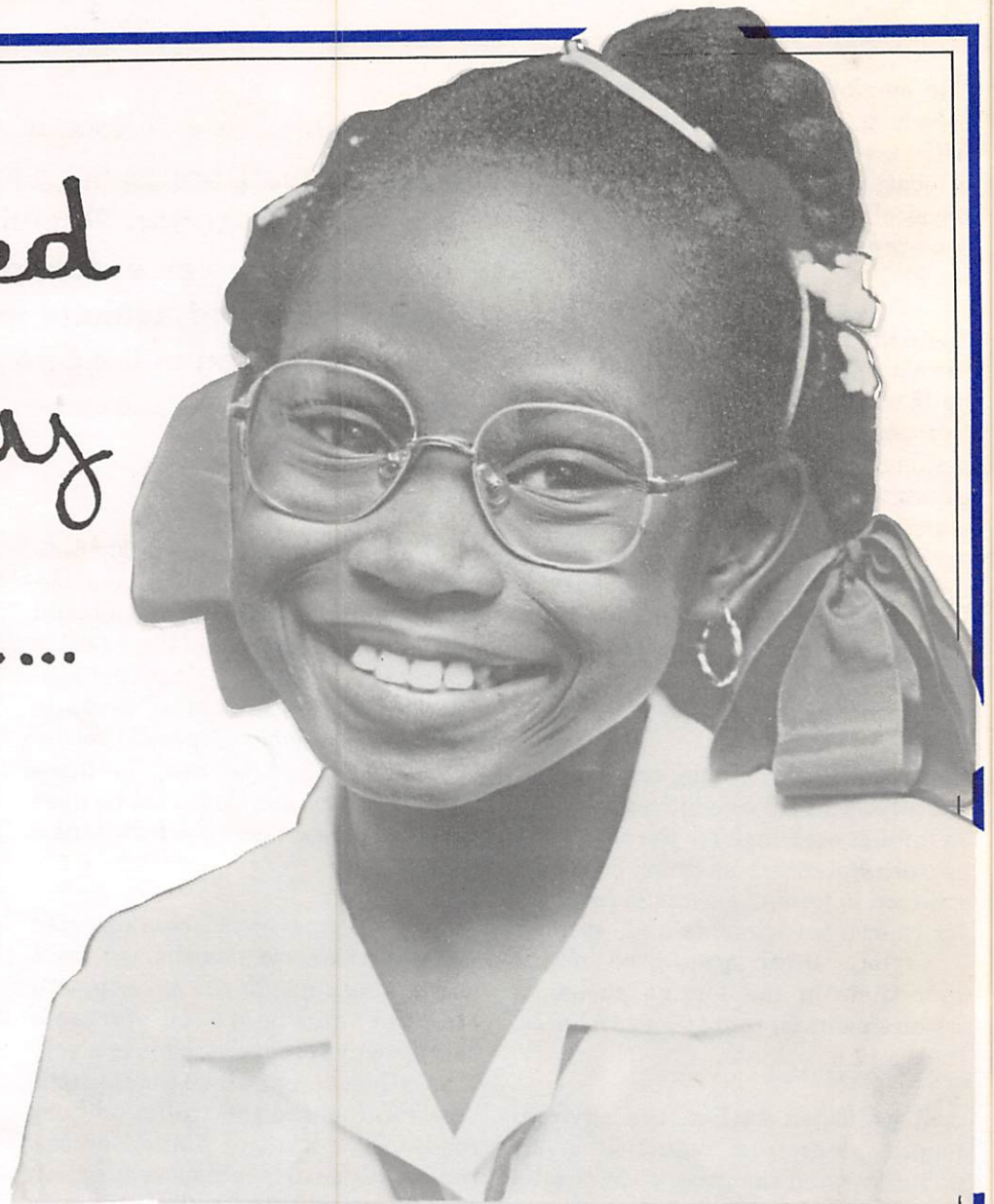
Today there is more emphasis on environmental and adventure tourism. What better venue than Jamaica with its idyllic climate, beautiful mountains and spectacular vistas, lush countryside, turquoise seas and hospitable people!

Further business potential exists in the development of other bicycle routes along discontinued rail lines such as exist on the north coast in the parishes of St. Mary and Portland.

It is time that Jamaica reconsider the bicycle and its many attributes. It could be the key to solving some of our pressing social problems and well as offering some very exciting business opportunities.



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